

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF  
THE REPORT OF EXAMINATION OF  
1<sup>ST</sup> FINANCIAL ASSURANCE COMPANY**

**A.I.D. NO. 2008- 002**

**ADOPTION ORDER**

Now on this day the matter of the Report of Examination (“Report” or “Report of Examination”) as of December 31, 2006, of 1<sup>st</sup> Financial Assurance Company (“Company”), of Fayetteville, Arkansas, NAIC No. 83976, is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas (“Commissioner”), as presented by the Finance Division and Amanda Capps Rose, Associate Counsel, of the Arkansas Insurance Department (“Department”). From the facts, matters and other things before her, the Commissioner finds as follows:

**FINDINGS OF FACT**

1. That the Commissioner has jurisdiction over the Company and the subject matter involved herein;
2. That the Company is an Arkansas-domiciled legal reserve stock insurer authorized to transact life, health and accident (disability) insurance in the State of Arkansas;
3. That pursuant to Ark. Code Ann. §§ 23-61-201, *et seq.*, and other applicable law, the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records and assets of the Company as of December 31, 2006;

4. That said examination was commenced by the Department on September 7, 2007 and completed on September 19, 2007;

5. That the verified Report of Examination was filed with the Department on November 13, 2007 and sent to the Company via certified mail on the same date. The Report was received by the Company on November 15, 2007, according to the certified mail return receipt returned to the Department;

6. That the Report of Examination notes that the Company is not producing any new business and has not had any business on its books since the period ended June 30, 2001;

7. That the Company did not send the Department a response or rebuttal to the Report of Examination; and

8. At December 31, 2006, the Company's capital and surplus exceeded the minimum capital and surplus requirements. As of June 30, 2007, the Company's capital and surplus was two hundred seventy dollars (\$270.00) below the minimum capital and surplus requirements. Subsequent to the examination, the Company received a deposit to its paid in surplus in the amount of five thousand dollars (\$5,000.00).

#### **CONCLUSIONS OF LAW**

THEREFORE, pursuant to the provisions of Ark. Code Ann. § 23-61-205, the Commissioner hereby orders:

1. That the Examination Report, as filed with the Department, is hereby adopted;

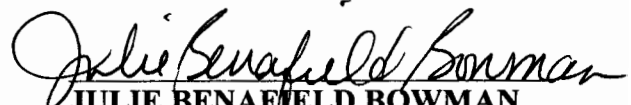
2. That the Department shall forward a copy of this Order and the adopted Examination Report, as filed, to the Company via certified mail. The mailing to the

Company shall include specimen affidavit forms for the Company's Directors to use in acknowledgement of receipt of the adopted Report of Examination and this Order;

3. That within twenty (20) days of receipt of this Order and the adopted Examination Report, the Company shall file with the Department affidavits executed by each one of its Directors, stating under oath or affirmation that each has received and has read a copy of this Order and the adopted Examination Report pursuant to Ark. Code Ann. § 23-61-205(b)(1); and

4. That the adopted Examination Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Order pursuant to Ark. Code Ann. § 23-61-205(c).

IT IS SO ORDERED this 9<sup>th</sup> day of January, 2008.

  
JULIE BENAFELD BOWMAN  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS